



THIRD QUARTER | 2016

# THE DEFERRED WORD

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## What's New

As the fall season begins, the Nevada Public Employees' Deferred Compensation Program (NDC) prepares for exciting changes and new educational opportunities to assist participants and employees with their *Journey to and through retirement*.

### Financial Wellness Days in October

Each fall, the NDC Program organizes and hosts workshops during National Retirement Security Week. This year, we invite all government employees and their families to participate in financial wellness workshops during the State of Nevada's 10th annual Financial Wellness Days October 17 – 25, 2016.

NDC will team up with NVPERS, the Social Security Administration, Public Employee Benefits Program, Silver State Health Exchange/Healthlink, the State Treasurer's Office, and the NDC Program's contracted recordkeeper, Voya Financial®, to conduct workshops. These agencies and many of their contractors will also have booths in each location where they will distribute educational information and answer questions.

The financial wellness workshop topics include: the Public Employee Pension (PERS), Deferred Compensation, investment management and advice, budgeting, estate planning and preservation, Social Security and Medicare benefits, healthcare costs while working and in retirement, Nevada Healthcare Resources, life insurance, long-term care insurance and college savings plans in Nevada.

There is no need to register, just attend any workshops you wish. *Please mark your calendars.* Financial wellness workshops will be live and broadcast via the Internet on both the Carson City and Las Vegas days.

#### Financial Wellness Workshops Schedule

<b>October 17: Carson City</b>	State Legislature Building, Rooms 1214/3100
<b>October 18: Reno</b>	Town Mall, RSCVA Board Room, Suite G
<b>October 20: Las Vegas</b>	Grant Sawyer Building, Suite 4412
<b>October 25: Elko</b>	Convention Center, Ruby Room

### Large Cap Value Fund Change

The MFS Value Fund replaced the Allianz NFJ Dividend Value Fund and the American Beacon Large Cap Value Fund within the NDC Program's core investment lineup, effective September 23, 2016. Fund investors received advance notice by mail from Voya Financial®. The NDC Committee, assisted by the NDC Program's contracted investment consultant, regularly reviews all investment options, including fund performance, expenses, risk, and consistency of investment style and fund manager changes. Their decision was made after careful evaluation to ensure compliance with the Plan's Investment Policy Statement. If you have questions, please contact the NDC Program Coordinator at **775-684-3397**.

### NDC Committee and Staff

#### Committee

Steve C. Woodbury, Chair, GOED  
Mark Stevens, Vice Chair, Retired  
Karen Oliver, GCB  
Kent Ervin, Ph.D., NSHE  
Audrey Brooks-Scott, DCNR

#### Staff

Rob Boehmer, Program Coordinator  
Micah Salerno, Administrative Assistant  
Shane Chesney, Sr. Deputy Attorney General

### Questions?

#### Contact

Rob Boehmer  
NDC Program Coordinator

**775-684-3397**

email: [rboehmer@defcomp.nv.gov](mailto:rboehmer@defcomp.nv.gov)

Voya®: 1-866-464-6832

### Next Quarterly Meeting

**Tuesday, November 29, 2016**

9:00 a.m.

Governor's Office of Economic Development  
808 W. Nye Lane, Conference Room  
Carson City

### Three ways to enroll

If you are interested in saving for retirement and have not enrolled in the Nevada Deferred Compensation Program, choose any of these convenient ways to get started now.

#### EZ Enrollment

Visit the NDC website to download and complete the [EZ Enrollment Form](#) and fax it to the NDC office.

#### Enroll online

Follow the two-step process after you [click here](#).

**Meet with your Voya local representative**

Call toll free **1-866-464-6832** or **775-886-2400**

to set up an appointment to review your personal situation and complete the forms.

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## NEW TO THE PLAN

### These funds can help make investing simpler

Many participants worry that investing is too just complex. They'd rather not choose among different investment options or rebalance their portfolios during their careers.

For this reason, the NDC Program investment options lineup includes a "Do It For Me" alternative: investing in a single target retirement date fund.

Target retirement date funds offer a convenient approach for participants who do not have the time, knowledge, interest and/or experience to select and actively manage their retirement portfolio.

These participants prefer an easier approach to investing. With a target retirement date fund, they simply choose the fund with the target date when they anticipate retiring. Fund managers take care of the investment decisions.

Over time, as the target date approaches, the fund goes from being more aggressive to becoming more conservative, with the fund manager decreasing the exposure to aggressive stocks and increasing exposure to more conservative assets like bonds or more stable value type investments.

It is important to understand that even with a target retirement date fund (as with all market securities), principal value is never guaranteed (even when the target date is reached), and there is no guarantee that the fund will provide adequate retirement income to meet an investor's objectives. Just remember, as with any market security, that it is possible to lose money, including losses near or in retirement.

Regardless of whatever investment decision you make as an NDC Program participant, it is recommended that you continue to monitor your investments at least annually to ensure that the fund you are invested in continues to meet your investment objectives.

Please feel free to reach out to any of the representatives from the NDC contracted recordkeeper, Voya Financial,<sup>®</sup> to review your account regularly and receive individual, one-on-one education about the NDC Program and the different investment options that are available.

***You should consider the investment objectives, risks and charges and expenses of the investment options offered through the plan carefully before investing. The fund prospectuses and information booklet containing this and other information can be obtained by contacting your local representative. Please read the information carefully before investing.***



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## ACTIVELY PARTICIPATING IN THE PLAN

### Keep up your NDC account contributions

With so many financial obligations competing for a piece of your paycheck, it may seem hard to save for retirement. But you may want to continue to contribute to your NDC account, even in difficult economic times. Here's why you can't afford to stop.

#### You keep more of your money

If you elect to contribute on a pre-tax basis, those pre-tax contributions come out of your paycheck before income taxes, potentially lowering your current tax bill. If you choose instead not to put those dollars aside, the federal government will take a bigger chunk of your pay in income taxes. You may end up with less money in your NDC account in the future and less cash in your hand today.

### Tax-deferred growth is powerful

Over long periods of time, tax deferral may result in more wealth than if you had held your investments in a taxable account. The longer you are invested, the more you can potentially benefit from the power of compounding. Compounding occurs when any earnings from your investments are reinvested and produce more earnings.

### Even a brief halt could cost you

Compounding has a snowball effect: each year's gains can build on those of the past, potentially increasing your NDC account's overall growth potential. If you stop putting money into your account, you will miss out on the full value of compounding.

### Better now than later

The earlier you begin saving for retirement, the less you may have to contribute to achieve your retirement income goal. A small amount put away each month has the potential to be more effective than any available catch-up contributions you are eligible to make.

### In debt? Think twice

Unless you are 100 percent committed to applying the money to an unexpected expense or debt, then you may not want to decrease or stop your NDC account contributions. You could end up spending the money instead, still facing debt and with less set aside for your retirement – a potentially poor financial move all around.

### See if you're saving enough

The more you save in your NDC account, the greater your savings' growth potential. To see if you are saving enough or need to increase your contribution rate, log into your account and use myOrangeMoney®. If you prefer, call one of the Financial Education representatives assigned to the NDC Program by our contracted recordkeeper, Voya Financial®, at **1-866-464-6832** or **775-886-2400** to talk about your situation and receive one-to-one attention. You can change your contribution amount by downloading and completing the [Payroll Contribution Form](#) and faxing it to the NDC office.



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## NEARING RETIREMENT

### Count down to retirement: your planning checklist

Now that you can finally see retirement on the horizon, consider taking steps now to ensure a smooth start. This checklist can help you with retirement planning on your own or with help from a local representative from the NDC contracted recordkeeper, Voya Financial® when you call **1-866-464-6832** or **775-886-2400**.

- ☐ I have a retirement income road map.
- ☐ I continually estimate and review my future income from my investments (my NDC account, pension, Social Security, personal savings, etc.) to help meet my estimated retirement objectives.
- ☐ I have discussed my financial objectives and current financial status with my spouse or partner.
- ☐ I have an estate preservation plan and advance medical directives in place (i.e., living trust, health care proxy, durable power of attorney, and living will, etc.).

- ☐ I have all of my important papers and documents, including those listed above, where my family can find them. I have reviewed all of these papers and documents with my spouse or partner.
- ☐ I have reviewed my current health and life insurance coverages and for retirement.
- ☐ I have discussed my retirement plans, such as what I want to do in retirement and where I want to live, with my spouse or partner.

## Remember to name a beneficiary for your NDC account

Whoever you name as your beneficiary will receive your NDC account balance in the event of your death. Keep in mind that naming an entity such as a trust or charity (instead of an individual) as your beneficiary may have implications on the IRS required minimum distribution payments to beneficiaries. It's smart to review your choice from time to time, especially if you've had a major life change like a divorce, the birth of a child or a death in your family. To check or change your beneficiary, log into your account. Select **My Account**, then **Personal Information**, then **Beneficiary Information**. For the [Beneficiary Designation Form](http://defcomp.nv.gov), go to <http://defcomp.nv.gov>.



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## ENJOYING RETIREMENT

## Understanding Required Minimum Distributions

### What are Required Minimum Distributions (RMDs)?

Tax laws require you to begin annual withdrawals called RMDs from your NDC account and certain other employer-sponsored retirement accounts once you have reached age 70½ or when retired from the employer sponsoring the retirement plan, whichever is later.

### When do I take my first RMD?

A special rule applies to your first RMD. You have the option to delay taking it until April 1 of the year following the year in which you reach age 70½ or retire, whichever is later. Keep in mind that if you do decide to delay taking your first RMD until that April 1 date, your second RMD must be taken on or by December 31 of that same year. Receiving both RMDs in the same tax year may increase your taxable income for that year. Consider consulting with your tax adviser first.

### After my first RMD, what is the deadline?

You must take each annual RMD no later than December 31 of each calendar year.

### What happens if I do not take the RMD by the deadline?

You may be subject to an IRS 50% penalty tax on the amount not taken if you do not take all or a portion of your RMD by the required deadline.

### How is the amount of the RMD calculated?

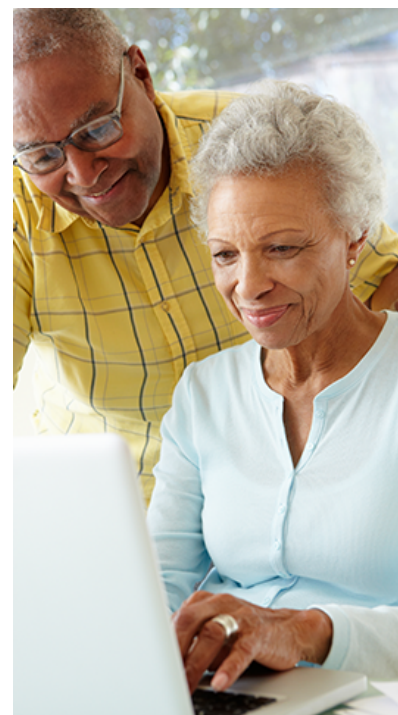
Generally, the RMD is calculated for your retirement account under each plan by dividing the prior end of the year balance as of December 31 by a life expectancy factor provided in IRS regulations.

### Are RMDs from my NDC account calculated separately from other retirement plan accounts?

Yes, RMDs from your NDC account must be calculated and distributed separately from any accounts you have under any other employer-sponsored retirement plans or IRAs. For example, you cannot add the RMDs payable in a year for your NDC account with an IRA together and then withdraw the total RMD from just one account.

### How do I stay on top of my NDC account RMDs?

The NDC contracted recordkeeper, Voya Financial,<sup>®</sup> sends an informational letter every November to participants who have reached or passed the required RMD age. You will receive this letter even if you are currently taking distributions, have set up a future distribution or are still working. The letter contains the current year's RMD calculated distribution amount, your NDC account balance as of December 31 of the prior year and any distribution amounts already received for the year. You should review all information in the letter carefully. If you have questions, or if your employment status reported in the letter is incorrect, call **1-866-464-6832** or **775-886-2400**.



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